

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE  
CONCERNING THE PROPOSED ISSUANCE OF  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2018  
ROANE COUNTY, TENNESSEE**

Roane County (the "County") submitted a plan of refunding (the "Plan"), as required by TCA § 9-21-903 regarding the issuance of an estimated \$9,825,000 General Obligation Refunding Bonds, Series 2018 (the "Series 2018 Refunding Bonds").

The Plan was prepared with the assistance of the County's municipal advisor, Cumberland Securities Company, Inc. The assumptions of the plan are the assertions of the County. An evaluation of the preparation, support and underlying assumptions of the Plan has not been performed by this office. This report provides no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Series 2018 Refunding Bonds may be issued with a structure different from that of the Plan. The County provided a copy of its debt management policy.

**Balloon Indebtedness**

The structure of the Series 2018 Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the structure is revised, the County should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

**County's Proposed Refunding Objective**

The Series 2018 Refunding Bonds are being issued to achieve gross and net present value debt service savings.

**Plan of Refunding**

The County intends to competitively sell approximately \$9,825,000 Series 2018 Refunding Bonds priced at par to current refund the following outstanding bonds:

- \$500,000 General Obligation Refunding Bonds, Series 2008A, dated June 18, 2008, maturing June 01, 2019 through June 1, 2022;
- \$4,050,000 General Obligation Refunding Bonds, Series 2008B, dated June 30, 2008, maturing June 01, 2019 through June 1, 2022;
- \$3,475,000 General Obligation Bonds, Series 2009A, dated April 22, 2009, maturing June 1, 2021 through June 1, 2024; and
- \$1,740,000 General Obligation Bonds, Series 2010A, dated May 5, 2010, maturing June 1, 2019 through June 1, 2025.

Collectively, these are the "Refunded Bonds." Total refunded principal is \$9,765,000.

In addition to the \$9,825,000 proceeds from the sale of the Series 2018 Refunding Bonds, the County intends to contribute \$287,766 to pay costs of issuance for the refunding bonds and interest for the Refunded Bonds.

### Refunding Analysis

- Results of the refunding assume that the County intends to sell \$9,825,000 Series 2018 Refunding Bonds by competitive sale and priced at par.
- The County intends to contribute \$287,766 to the transaction for payment of interest on the Refunded Bonds and costs of issuance for the Series 2018 Refunding Bonds.
- The estimated net present value debt service savings is \$463,740 or 4.75% of the refunded principal amount of \$9,765,000, achieved by lowering the average coupon from 4.66% for the Refunded Bonds to 2.00% for the Series 2018 Refunding Bonds.
- The final maturity of the Series 2018 Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance for the Series 2018 Refunding Bonds is \$149,975 or \$15.26 per \$1,000 of the par amount. See Table 1 for individual costs of issuance.

Table 1  
Series 2018 Refunding Bonds

	Amount	Price per \$1,000 Bond
Estimated Underwriter's Discount (TBD) *	\$ 60,000.00	\$ 6.11
Municipal Advisor (Cumberland Securities Company)	49,500.00	5.04
Bond Counsel (Bass Berry & Sims)	15,000.00	1.53
Rating Agency	15,000.00	1.53
Other Expenses	10,475.00	1.07
Total Cost of Issuance	\$ 149,975.00	\$ 15.26

\*Subject to competitive sale

The County has indicated that Cumberland Securities Company, Inc. is its municipal advisor. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the County. The assumptions included in the County's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all the Refunded Bonds are not refunded as a part of the Series 2018 Refunding Bonds, and the County wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this office for review.

This report is effective for a period of ninety (90) days from the date of the report. If the refunding transaction has not been completed during this ninety (90) day period, a new plan of refunding, with new analysis and estimates based on market conditions at that time, must be submitted to this office.

A handwritten signature in blue ink that reads "Sandra Thompson". The signature is fluid and cursive, with the first name "Sandra" and last name "Thompson" clearly distinguishable.

Sandra Thompson  
Director of the Office of State and Local Finance  
Date: January 31, 2018